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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Amendments of Parts 32, 36, 61,	)	RM-8221
64 and 69 of the Commission's	)	
Rules to Establish and Implement	)	

years, and (3) by consideration of revisions to Parts 36 and 69 in a separate comprehensive proceeding. Second Report and Order at paras. 91-96, 116-117.

In its petition for reconsideration or clarification, filed October 9, 1992, the D.C. PSC argued that reconsideration or clarification of Parts 36 and 69 of the FCC's regulations were essential to addressing cost allocation rules for video. The D.C. PSC contended that if the current rules are not treated as requiring usage-based allocation between voice and video services, they need to be revised to prevent cross-subsidization. D.C. PSC Petition for Reconsideration or Clarification at 3.

Since that petition was filed, the D.C. PSC has filed two petitions concerning Section 214 applications to provide video dialtone services. In each case, the D.C. PSC argued that a review allocation of plant used jointly for telephone and video transmission services;

(2) video dialtone-specific cost accounting rules to safeguard consumers and ensure fair competition;

(3) a determination of the proper application of the access charge and price cap rules to video dialtone;

(4) procedures for separating the costs of regulated and non-regulated video dialtone services; and

(5) video dialtone-specific rules for joint marketing and customer privacy.

Joint Petition at 4.

The D.C. PSC demonstrates below that proceedings, including a Joint Board, need to be promptly instituted to consider the revision of Parts 32 and 36 of the FCC's Rules and the local exchange carriers' (LECs') Part 64 Cost Allocation Manuals.

II. A GENERAL PROCEEDING IS REQUIRED TO CONSIDER JURISDICTIONAL SEPARATIONS AND COST ALLOCATION ISSUES

A number of LECs, including affiliates of Bell Atlantic, NYNEX, Ameritech and US West have filed or are in the process of filing Section 214 applications to provide video dialtone service, and it is evident that individual proceedings will not be adequate to determine cost issues. First, parties such as the D.C. PSC do not have the resources to participate in all of these proceedings. Second, to the extent that certain parties participate in some cases but not in others, there is a danger that inconsistent methodologies may be adopted. Third, to the extent that jurisdictional separations are involved, the methodologies must be consistent and should therefore be resolved simultaneously. Moreover, changes in jurisdictional separations must be based on recommendations by a Joint Board, and therefore cannot be resolved in FCC proceedings. 47 U.S.C. §410(c). Finally, the LECs are contending that jurisdictional separations need not be addressed at this time. If adopted by the FCC, together with the LECs' use of incremental costing, this will mean that intrastate costs for the period until the Joint Board and the Commission act will not reflect the cost allocations required by Part 36. State commissions will be required to use these incorrect costs in state rate proceedings. Therefore, action must be taken now.

The D.C. PSC supports the Joint Petition's request that new accounting rules be adopted for video dialtone. At present, telephone plant accounts combine trunk and loop facilities, as well as video and voice facilities. In order to perform jurisdictional separations, allocation factors therefore have to be developed. One example of the problems caused by this approach is that increases in spare trunks will increase spare loop costs. Thus, if as a result of the expanded interconnection required by CC Docket No. 91-141, LEC traffic is diverted to competitive access providers (CAPs) and trunks therefore become unused for interstate traffic, not only will trunk costs be allocated to intrastate jurisdictions, but also loop costs will be allocated to intrastate jurisdictions. Similarly, changes in the allocation of telephone plant may be required because of shifts in video traffic, unless separate accounts are established.

The D.C. PSC also supports the establishment of a Joint Board to revise Part 36 rules so that the costs of joint plant are not allocated disproportionately to the intrastate jurisdictions. Finally, as the FCC recognized in the C&P of Virginia Order, the cost allocation manuals adopted pursuant to Part 64 of the FCC's Regulations must be revised to the extent that they do provide for allocation of video costs. C&P of Virginia Order at para. 14.

CONCLUSION

The D.C. PSC, for the reasons stated above, urges the FCC to immediately institute a proceeding (1) to revise its Part 32 and 36 rules in conjunction with a Federal-State Joint Board and (2) to revise the LECs' Part 64 Cost Allocation Manuals.

Respectfully submitted,

PUBLIC SERVICE COMMISSION
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Dated: May 21, 1993

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of May, 1993, a copy the foregoing "Comments of the Public Service Commission of the District of Columbia" was mailed, postage prepaid, to the parties below:

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